



PPG\Shapes-Arch Holdings\stipulation resolving motion to compel administrative expense

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In re:		: UNITED STATES BANKRUPTCY COURT
SHAPES/ARCH HOLDINGS, LLC,		: DISTRICT OF NEW JERSEY
et al.,		: Chapter 11 Case Nos. 08-14631 through
Debtors		: 08-14635 (GMB) (jointly administered)
		: Hearing Date: June 9, 2008, 10:00 A.M.
		: Oral Argument Requested if Opposed

**STIPULATION AND CONSENT ORDER RESOLVING
MOTION OF PPG INDUSTRIES, INC.
TO COMPEL PAYMENT ADMINISTRATIVE EXPENSE CLAIMS
PURSUANT TO 11 U.S.C. §§ 105(a), 363(b), 364(b), 503(a) AND 503(b)(9)**

Recommended Local Form: X Followed Modified

The relief set forth on the following pages, numbered two (2) through six (6) is hereby

ORDERED.

DATED: 7/17/2008



Honorable Gloria M. Burns
United States Bankruptcy Court Judge

Debtors: Shapes/Arch Holdings, LLC *et al*
Case Nos.: 08-14631 through 08-14635
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Caption: Stipulation and Consent Order Resolving Motion of PPG Industries, Inc.
To Compel Payment Administrative Expense Claims Pursuant to 11 U.S.C. §§ 105(a), 363(b),
364(b), 503(a) and 503(b)(9)

This Stipulation and Consent Order (the “Stipulation and Consent Order”) is entered into on the date(s) set forth below, by and between Shapes/Arch Holdings, LLC, Accu-Weld, LLC and Shapes, LLC (collectively, the “Debtors”), and PPG Industries, Inc. (“PPG”) (the “Debtors and PPG being hereinafter referred to collectively as the “Parties”).

BACKGROUND

WHEREAS, the Debtors filed their respective voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) on March 16, 2008 (the “Petition Date”).

WHEREAS, the above-captioned bankruptcy cases include those of Accu-Weld, LLC (“Accu-Weld”), Chapter 11 Case No. 08-14635, and Shapes, LLC (“Shapes”), Chapter 11 Case No. 08-14632.

WHEREAS, on May 10, 2008, PPG filed a Motion to Compel Payment of an Administrative Expense Claim Pursuant to 11 U.S.C. §§ 105(a), 363(b), 364(b), 503(a) and 503(b)(9) (the “Motion”).

WHEREAS, according to the Motion:

A. PPG shipped goods to both Accu-Weld, LLC and Shapes, LLC in the ordinary course of their respective businesses prior to the Petition Date (the “Goods”) during the forty-five (45) day preceding the Petition Date (the “Reclamation Period”), with some of those

shipments being made within the twenty (20) day period day preceding the Petition Date (the “Administrative Claim Period”).

B. On March 25, 2008, PPG issued a Notice of Reclamation to Accu-Weld (the “Accu-Weld Reclamation Notice”), and as set forth in the Accu-Weld Reclamation Notice, PPG shipped Goods to Accu-Weld during the Reclamation Period with a total value of \$118,162.75, while the value of those Goods received by Accu-Weld during the Administrative Claim Period was \$63,401.40 (the “Accu-Weld Administrative Claim”).

C. On April 1, 2008 PPG issued a Notice of Reclamation to Shapes (the “Shapes Reclamation Notice”), and as set forth in the Shapes Reclamation Notice, PPG shipped Goods to Shapes during the Reclamation Period with a total value of \$65,793.60, while the value of those Goods received by Shapes during the Administrative Claim Period was \$27,162.80.

D. Debtors responded to the Accu-Weld Reclamation Notice and Shapes Reclamation Notice (collectively, the “Reclamation Notices”) that they are not obligated to return the Goods covered thereby, because, inter alia, they are subject to the liens and security interests of their secured creditor(s).

E. Accordingly, PPG claims to be entitled to an administrative claim for the value of the reclaimable goods received by Accu-Weld and Shapes during the Administrative Claim Period pursuant to 11 U.S.C. §§ 105(a), 363(b), 364(b) 503(a) and 503(b)(9), and filed a request for Payment of an Administrative Expense against Accu-Weld in the sum of \$63,401.40 (the “Accu-Weld Administrative Expense Claim”), as well as a request for Payment of an Administrative Expense against Shapes in the sum of \$27,162.80 (the “Shapes Administrative Expense Claim”).

F. PPG also filed a Proof of Claim against Accu-Weld in the total amount of \$244,407.62 (the “Accu-Weld Proof of Claim”), and a Proof of Claim against Shapes in the total amount of \$161,740.96 (the “Shapes Proof of Claim”).

WHEREAS, Debtors have advised counsel for PPG, and PPG has agreed that with respect to the Shapes Administrative Expense Claim and Shapes Proof of Claim, in actuality, the last two invoices included in each of them represents Goods that were received and paid for post-petition (the “Post-petition Payments”), as follows: Invoice No. 118528, dated March 14, 2008, in the amount of \$20,933; and Invoice No. 1187050, dated March 17, 2008, in the amount of \$2,062.

WHEREAS, other than as specifically set forth above, Debtors have no objection to the aforesaid Administrative Expense Claims and Proofs of Claim, and agree that they can be allowed if the Shapes Administrative Expense Claim and Shapes Proof of Claim be amended to reflect the aforesaid payments and reduced accordingly.

WHEREAS, PPG and the Debtors are desirous of settling the Administrative Claims on the terms and subject to the conditions set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and promises set forth herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Debtors and PPG do hereby stipulate and agree as follows.

1. The foregoing Background is incorporated herein by reference.
2. The Accu-Weld Administrative Expense Claim shall be allowed in the amount of \$63,401.40 and the Accu-Weld Proof of Claim shall be allowed in the amount of \$181,006.22 upon the entry of an Order approving this Stipulation.

3. The Shapes Administrative Expense Claim is hereby amended to reflect the Post-petition Payments, and is hereby reduced to \$4,167.80. Similarly, the Shapes Proof of Claim is hereby amended to reflect the Post-petition Payments, and is hereby reduced to \$134,578.16.

4. As thus amended, the Shapes Administrative Expense Claim and Shapes Proof of Claim shall each be allowed upon the entry of an Order approving this Stipulation.

5. The Accu-Weld Administrative Expense Claim and Shapes Administrative Expense Claim shall be paid, in full, on or as soon as practicable after the "Effective Date" of the Debtors' pending Third Amended Plan of Reorganization or as such plan may be further amended or modified.

6. Debtors agree to present this Stipulation to the Bankruptcy Court for approval.

7. The Bankruptcy Court shall retain jurisdiction to determine any disputes that may arise between the Parties with respect to this Stipulation.

8. Each of the undersigned hereby represents and warrants that he has reviewed the foregoing Stipulation with his/her respective client(s) and has been authorized to execute this Stipulation on its/their behalf.

9. This Stipulation may be executed in counterparts, which when so executed shall comprise but a single document.

STIPULATED TO, CONSENTED TO AND AGREED BY:

DEBTORS

By: COZEN O'CONNOR

Dated: July 15, 2008

By: /s/ Jerrold N. Poslusny, Jr.

Jerrold N. Poslusny, Jr., Esquire

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PPG INDUSTRIES, INC.

By: THE CHARTWELL LAW OFFICES, LLP

Dated: July 15, 2008

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